

## Message Text

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FM AMEMBASSY BRASILIA  
TO WHITE HOUSE IMMEDIATE  
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INFO AMEMBASSY QUITO IMMEDIATE  
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E.O. 11652: GDS

TAGS: PFOR, OVIP (CARTER, ROSALYNN)

SUBJECT: MEMORANDUM OF CONVERSATION -- LIMA.

1. SUMMARY: DURING 3-1/2 HOUR MEETING WITH PERUVIAN  
PRESIDENT, GENERAL MORALES BERMUDEZ, MRS. CARTER PRESSED  
FOR AND OBTAINED HIS COMMITMENT TO SIGN AND RATIFY THE  
AMERICAN CONVENTION ON HUMAN RIGHTS. IN RESPONSE TO  
MRS. CARTER'S REQUEST THAT HE SEEK SOME WAY TO CALM PERU'S  
NEIGHBORS' FEARS OF AGGRESSIVE INTENTIONS AND TO REDUCE  
TENSION IN AREA, GENERAL MORALES BERMUDEZ FIRST EMPHASIZED  
THAT THE ARMS BUILDUP WAS DEFENSIVE ONLY AND THEN OUTLINED  
IN DETAIL STEPS PERU WAS TAKING IN THAT DIRECTION, MAINLY  
THROUGH MEETINGS WITH GOVERNMENT LEADERS, ESPECIALLY  
MILITARY, OF ALL COUNTRIES CONCERNED. HE INDICATED  
WILLINGNESS, HOWEVER, TO EXAMINE OTHER STEPS WITHIN THE  
ANDEAN FRAMEWORK OR IN A STRENGTHENED OAS, AND EVEN TO  
CONSIDER A SCHEME OF ARMS REDUCTION PROVIDED IT ARRANGED  
FOR A REASONABLE BALANCE. HE INDICATED THAT PERU ALSO  
HAS FEARS AND THAT SOME HELPFUL ACTION BY NEIGHBORING

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COUNTRIES WAS NEEDED. GENERAL MORALES BERMUDEZ RESPONDED  
FAVORABLY TO MRS. CARTER'S EXCELLENT PRESENTATION OF NEW  
US FOREIGN POLICY APPROACH AS OUTLINED IN PRESIDENT'S  
NOTRE DAME AND OAS SPEECHES. HE DECLARED PERU'S  
INTENTION TO CONTINUE WITH LIBERALIZATION OF REGIME. HE  
DESCRIBED HIS COUNTRY'S CURRENT ECONOMIC CRISIS AS A SHORT-  
TERM ONE WHICH COULD BE OVERCOME WITH LESS RIGID IMF

POLICIES. GENERAL MORALES BERMUDEZ ALSO EXPRESSED HIS FIRM INTENTION TO WORK TO HALT ILLICIT DRUG TRAFFIC. HE PROMISED THAT THE MARCONA CASE WOULD BE SETTLED SOON AND THAT US PRISONERS WOULD BE BROUGHT TO TRIAL SPEEDILY. ALSO PRESENT AT MEETING WERE ASSISTANT SECRETARY TODMAN, NSC ADVISOR PASTOR, PRESS SECRETARY MARY HOYT, AND STEPHANE VAN REIGERSBERG, INTERPRETER/NOTETAKER. FOR PERU, ONLY FONMIN DE LA PUENTE ACCOMPANIED PRESIDENT MORALES BERMUDEZ. END SUMMARY.

2. FULL TEXT OF MEMORANDUM OF CONVERSATION FOLLOWS:  
MEMORANDUM OF CONVERSATION BETWEEN MRS. CARTER AND PRESIDENT FRANCISCO MORALES BERMUDEZ OF PERU.

1. MRS. CARTER: DURING THE MEETING TODAY I WOULD LIKE TO GIVE YOU AN OVERVIEW OF JIMMY'S FEELINGS ABOUT HOW OUR RELATIONS CAN BE DEVELOPED. THAT IS REALLY WHY I HAVE COME HERE, SO THAT YOU WOULD KNOW OF OUR SPECIAL FEELINGS, FEELINGS WHICH ARE NOT NEW BUT HAVE EXISTED FOR YEARS AND THE SPECIAL INTEREST JIMMY AND I BOTH HAVE IN LATIN AMERICA. I AM VERY GLAD THAT I AM THE ONE WHO WAS CHOSEN TO REPRESENT JIMMY BECAUSE IT IS SO IMPORTANT TO ME THAT THERE BE UNDERSTANDING BETWEEN US.

2. JIMMY WANTED ME TO CONVEY THE FACT THAT THE CARTER ADMINISTRATION REFLECTS A NEW AND MORE OPEN AMERICAN ATTITUDE TOWARDS BOTH WORLD AND DOMESTIC AFFAIRS. IT IS IMPORTANT TO REALIZE THAT WE CANNOT ACT ABROAD IN WAYS IN WHICH WE WOULD NOT ACT AT HOME. THE AMERICAN PEOPLE PRIZE  
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FREEDOM AND INDIVIDUALITY AND WANT OUR GOVERNMENT TO REFLECT THESE VALUES ABROAD. JIMMY SEES A WIDER SYSTEM OF WORLD COOPERATION IN KEEPING WITH THE NEW HISTORICAL ERA IN WHICH WE LIVE. HE WISHES TO BUILD A FRAMEWORK OF RELATIONSHIPS MUCH BROADER THAN IN THE PAST WHEN OUR RELATIONSHIPS WERE MAINLY LIMITED TO THE ATLANTIC COMMUNITY AND THE TRILATERAL CONTACTS BETWEEN THE UNITED STATES, JAPAN AND EUROPE. WHAT JIMMY IS TRYING TO DO IS TO PROMOTE WIDER INTERNATIONAL PARTICIPATION AND WE SEE LATIN AMERICA AND THE CARIBBEAN AS VERY IMPORTANT MEMBERS OF THIS EMERGING WORLD COMMUNITY. WE WANT TO CONSULT WITH YOU CLOSELY ON ALL THE CONCERNS WHICH INVOLVE US, NOT ONLY BILATERALLY AND REGIONALLY BUT ALSO GLOBALLY. IN THIS CONNECTION, WE RECOGNIZE THAT PERU AND OTHER LATIN AMERICAN COUNTRIES HAVE TAKEN LEADERSHIP ROLES IN THE NORTH-SOUTH DIALOGUE, AND WE URGE YOU TO CONTINUE TO PLAY THIS CONSTRUCTIVE ROLE.

3. THERE ARE TWO OTHER MAJOR POINTS OF POLICY THAT JIMMY WANTED ME TO EXPRESS TO YOU. HUMAN RIGHTS IS AN AREA

WHERE WE WANT TO SEE BROAD INTERNATIONAL PROGRESS MADE. THE UNITED STATES IS COMMITTED TO THE ADVANCEMENT OF HUMAN RIGHTS THROUGHOUT THE WORLD, AND WE BELIEVE THAT OUR CONCERN REFLECTS THE ESSENTIAL VALUES OF OUR HEMISPHERE. IT IS OUR HOPE THAT THIS PROMOTION OF HUMAN RIGHTS CAN BE DONE BY MULTILATERAL MEANS.

4. THE THIRD MAIN POLICY POINT THAT JIMMY WANTED ME TO TALK TO YOU ABOUT WAS THE SUBJECT OF ARMAMENTS. JIMMY WANTS TO END THE SPECTRE OF WAR AND THE WASTE OF ARMAMENTS, AND HIS POLICY APPLIES TO NUCLEAR AND CONVENTIONAL ARMS ALIKE. HE IS COMMITTED NOT ONLY TO HALTING THE PROLIFERATION OF NUCLEAR WEAPONS BUT TO REDUCING THE STOCKPILES OF THE NUCLEAR POWERS AND TO ELIMINATION OF NUCLEAR WEAPONS FROM THE FACE OF THE EARTH. DURING THE CAMPAIGN I HEARD HIM SAY OVER AND OVER AGAIN THAT IF HE WERE ELECTED PRESIDENT HE WOULD DO EVERYTHING IN HIS POWER TO ACHIEVE THIS GOAL. ONLY LAST  
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WEEK, THE LAST THING I DID BEFORE LEAVING WASHINGTON WAS TO ATTEND THE CEREMONY AT WHICH JIMMY SIGNED PROTOCOL I OF THE TLATELOLCO TREATY.

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5. ONE OF THE FIRST AREAS HE MOVED IN AFTER BECOMING PRESIDENT WAS IN THE AREA OF CONVENTIONAL WEAPONS. HIS GOAL HAS ALWAYS BEEN THE REDUCTION OF ARMS EXPENDINGS TO PREVENT THE OUTBREAK OF WAR AND TO USE THE RESOURCES THUS LIBERATED FOR PURPOSES OF DEVELOPMENT. HE ALSO WISHES TO PREVENT ESCALATION OF ANY ARMS RACE IN ANY REGION. I HAVE JUST COME FROM ECUADOR AND I AM SURE THAT I AM TELLING YOU NOTHING THAT YOU DON'T ALREADY KNOW WHEN I SAY THAT YOUR NEIGHBORING COUNTRIES ARE QUITE CONCERNED ABOUT THE ARMS BUILD-UP BY YOUR GOVERNMENT OVER THE PAST FEW YEARS. WE, TOO, ARE CONCERNED, ESPECIALLY BECAUSE OF THE POTENTIAL FOR A WASTEFUL AND SPIRALING ARMS RACE AS OTHER COUNTRIES TRY TO CATCH UP WITH YOU. WE FEEL THAT THESE RESOURCES REALLY SHOULD BE USED FOR DEVELOPMENT. JIMMY'S COMMITMENT TO REDUCING ARMS SALES AND EXPENDITURES IS CLEAR AND UNMISTAKABLE. HIS NEW ARMS POLICY WAS ANNOUNCED ON MAY 17 AND INCLUDES THREE ELEMENTS:

- (1) TO REDUCE OUR ARMS SALES EVERY YEAR,
- (2) NOT TO BE THE FIRST TO INTRODUCE SOPHISTICATED

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ARMAMENTS IN ANY REGION, AND

- (3) TO SEEK COOPERATION AMONG PURCHASERS AND SUPPLIERS OF ARMAMENTS IN PROGRAMS OF ARMS RESTRAINTS. IT IS HERE WHERE I SO MUCH WOULD LIKE TO HAVE YOUR COOPERATION.

6. IN HIS PANAMERICAN DAY SPEECH TO THE OAS, JIMMY APPLIED THE THREE POLICY POINTS THAT I HAVE REFERRED TO ABOVE TO OUR RELATIONS WITH LATIN AMERICA. HE UNDERLINED RESPECT FOR INDIVIDUALITY AND SOVEREIGNTY OF ALL NATIONS AND HIS DESIRE TO WORK WITHIN THE OAS TO PROMOTE PEACE AND STABILITY. SECONDLY, HE STRESSED HUMAN RIGHTS WITHIN THE INTERAMERICAN SYSTEM, PARTICULARLY BY STRENGTHENING INTERAMERICAN COMMISSION ON HUMAN RIGHTS. IN THE THIRD PLACE HE PLEDGED HIS SUPPORT FOR THE AYACHUCHO DECLARATION. JIMMY SAYS THAT IF IT WERE IMPLEMENTED, IT WOULD STAND AS AN EXAMPLE TO THE REST OF THE WORLD IN LIMITING ARMS EXPENDITURES.

JIMMY SENT ME HERE TO GET YOUR VIEWS AND TO SEEK WAYS TO COOPERATE IN DEVELOPING SOLUTIONS TO ALL THESE ISSUES WHICH ARE OF CONCERN TO OUR TWO COUNTRIES.

MORALES BERMUDEZ:

7. THANK YOU VERY MUCH. I ATTACH SO MUCH IMPORTANCE TO THIS MEETING THAT I HOPE YOU WILL NOT OBJECT IF I ALSO USE AN AIDE-MEMOIRE WHICH I HAVE PREPARED. IN THE POINTS THAT I AM ABOUT TO MAKE I SINCERELY BELIEVE THAT YOU WILL RECIEVE

ANSWERS TO THE MANY CONCERNS YOU HAVE EXPRESSED. I WILL DEAL WITH OUR POSITIONS UNDER FOUR MAIN HEADINGS. FIRST, HUMAN RIGHTS. SECOND, A RESPONSE TO YOUR EXPRESSED CONCERN ON OUR SUPPOSED, AND I STRESS THE WORD SUPPOSED, ARMS BUILDUP. THIRD, I WILL MAKE SOME POINTS ON ECONOMIC MATTERS, AND FOURTH, I WILL TELL YOU HOW WE VIEW OUR BILATERAL RELATIONS WITH THE UNITED STATES AS THEY RELATE TO OUR FOREIGN POLICY IN GENERAL. UNDERSLYING EVERYTHING WE ARE ABOUT TO SAY, WHICH I AM SURE YOU WILL CONVEY TO THE PRESIDENT, IS AN ABSOLUTE SECRET

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SINCERITY. WE HAVE A VERY DIRECT POLICY...NO LIES...JUST THE TRUTH.

8. IN CONNECTION WITH HUMAN RIGHTS, PERU AND ITS PRESENT GOVERNMENT TOTALLY ACCEPT THE HUMAN RIGHTS ASPECTS CONTAINED IN THE UN CHARTER. YOU HAVE OUR TOTAL COMMITMENT ON THIS. WE SHARE THE SAME ASPIRATIONS AND WE WOULD ASK YOU TO TRANSMIT TO PRESIDENT CARTER OUR BACKING FOR HIS HUMAN RIGHTS POLICY AND OUR WILLINGNESS TO COOPERATE WITH HIM TO STRENGTHEN THE INTERAMERICAN COMMISSION ON HUMAN RIGHTS OF THE OAS.

9. IN PERU, SINCE 1968, WE HAVE BEEN UNDERGOING A PROCESS OF NECESSARY STRUCTURAL CHANGES. A SET OF REFORMS HAS BEEN PUT IN MOTION, ALL PEACEFULLY, TO ACHIEVE AIMS OF AN ECONOMIC, SOCIAL AND EDUCATIONAL NATURE. WE ARE NOW IN THE SECOND PHASE OF THIS PROCESS WHICH I HAVE BEEN DELEGATED BY THE PERUVIAN ARMED FORCES TO LEAD. IN THIS PHASE WE ARE CORRECTING AND ADJUSTING THE REFORMS AS WE DEEM APPROPRIATE, WITHOUT LOSING SIGHT OF THEIR BASIC PHILOSOPHY, BUT IN ORDER TO ADAPT THEM BETTER TO PERUVIAN REALITY. IN THE SOCIAL AND ECONOMIC FIELDS ONE OF THE ASPECTS OF THIS SECOND PHASE HAS BEEN CRYSTALIZED IN A POLITICAL PLAN TO WHICH I WAS TOLD YOU WERE KIND ENOUGH TO REFER IN YOUR ARRIVAL STATEMENT THIS

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MORNING. I AM TALKING ABOUT THE TUPAC AMARU PLAN, OF WHICH I WILL GIVE YOU A COPY LATER TO TAKE BACK TO YOUR HUSBAND. THIS PLAN HAS NOW BEEN PLACED BEFORE THE CITIZENS. FOR TWO MONTHS WE RECIVED SUGGESTIONS AND OBSERVATIONS FROM SOCIAL ORGANIZATIONS AND POLITICAL GROUPS. NOW A SECRETARIAT IS ANALYZING THESE SUGGESTIONS AND COMMENTS WITH A VIEW TO MAKING THE NECESSARY RECTIFICATIONS. THUS, THIS PLAN HAS BEEN SUBMITTED TO THE PEOPLE OF PERU FOR THEIR OPINIONS AND SO THAT THEY MIGHT HAVE KNOWLEDGE OF IT. IT IS THE FIRST TIME IN THE HISTORY OF PERU THAT SUCH A DOCUMENT HAS BEEN PLACED BEFORE THE JUDGMENT OF THE PEOPLE FOR APPROVAL. WE ARE ALSO DIALOGUING IN A BROAD OPENING TO THOSE SAME SOCIAL GROUPS AND POLITICAL PARTIES. GROUPS COME HERE TO THE PALACE TO DISCUSS THEIR IDEAS AND HEAR THOSE OF THE GOVERNMENT ABOUT HOW TO DEAL WITH PROBLEMS OF PERU. THIS OPENING TO POLITICAL PARTIES IS VERY BROAD. FOR EXAMPLE, JUST TONIGHT PRESIDENT BELAUNDE WILL BE LEADING A PUBLIC MEETING IN THE CITY OF AREQUIPA.

10. THE COMPOSITION OF OUR CABINET NOW INCLUDES TWO  
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VERY IMPORTANT POSTS WHICH ARE FILLED BY CIVILIANS. ONE, THE FOREIGN MINISTER HERE WITH US, AND THE OTHER IS THE MINISTER OF ECONOMY AND FINANCE, MR. PIAZZA. AS WE ADVANCE IN THIS POLITICAL PROCESS, THIS WILL HAPPEN MORE AND MORE.

11. SINCE LAST YEAR -- OF NECESSITY AND NOT BY POLITICAL VOCATION -- THERE HAS BEEN DECLARED A STATE OF NATIONAL EMERGENCY IN ORDER TO BRING UNDER CONTROL GROUPS WHO WERE CAUSING DISORDER IN THE COUNTRY. THIS STATE OF EMERGENCY IS STILL IN EFFECT, BUT THE IMPORTANT THING IS THAT IN OUR POLITICAL CONCEPT WHICH WE CALL "REVOLUTIONARY HUMANISM," THERE IS NO VOCATION FOR REPRESSION. THOSE REPRESSIVE ACTS TO WHICH WE ARE FORCED ARE NOT DIRECTED AGAINST THE MASSES, BUT ARE INDIVIDUAL ACTS INTENDED TO DEFEND -- WHICH IS NOT EASY -- THE ADVANCEMENT OF THE SOCIETY AS A WHOLE. I THINK

WITH THIS I HAVE COVERED THE FIRST POINT ON HUMAN RIGHTS. LET ME JUST ADD, HOWEVER, THAT IN THE DRAFT POLITICAL PLAN, TUPAC AMARU, WE HAVE PROVIDED FOR A METHODOICAL TRANSITION TO CIVILIAN GOVERNMENT OVER THE PERIOD 1977 - 1980.

12. NOW, ON THE SECOND SUBJECT WHICH IS OF GREAT IMPORTANCE, THE SUBJECT OF ARMS CONTROL, IT IS BASIC TO UNDERSTAND THAT PERU IS NOT, NOR HAS IT EVER BEEN THROUGHOUT ITS HISTORY, A WARLIKE COUNTRY, AND EVEN LESS HAS IT ENGAGED IN AGGRESSION AGAINST COUNTRIES. THIS IS THE GUIDING LIGHT WITHOUT WHICH IT IS IMPOSSIBLE TO UNDERSTAND PERUVIAN STRATEGY. NO DOUBT LIKE ANY COUNTRY WITH A NATIONAL CONSCIENCE AND LIKE THE UNITED STATES, WE ADHERE TO THE PRINCIPLES OF SOVEREIGNTY AND INDEPENDENCE, BUT A LOOK AT THE HISTORY OF PERU SHOWS THAT IT IS A PEACE-LOVING COUNTRY. ON THE OTHER HAND, THROUGHOUT OUR HISTORY WE HAVE SUFFERED CRUEL TERRITORIAL AGGRESSION DURING WHICH WE HAVE LOST MUCH TERRITORY. ONE CASE WAS THE CHILEAN AGGRESSION WHICH CAUSED SERIOUS PROBLEMS FOR OUR DEVELOPMENT. THERE ARE MANY CASES I COULD MENTION SUCH AS THE CASE OF COLOMBIA AND THE "TRAPEZE OF LETICIA" ON THE AMAZON. THE MOST RECENT WAS THE CONFLICT WITH ECUADOR,

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DURING WHICH WE INDEED ENGAGED IN SOME "PROGRESSION" OVER THE BORDER, BUT THIS IS DUE TO THE FUNDAMENTAL FACT THAT ECUADOR HAD PENETRATED FROM THE WEST DOWN THE SANTIAGO RIVER TO THE AMAZON AS FAR AS THE PINA GARRISON IN PERU. SO IT WAS A MATTER OF TERRITORIAL DEFENSE WHEN WE MOUNTED OUR COASTAL OPERATION. VARIOUS FRIENDLY COUNTRIES INTERVENED AND THE RIO PROTOCOL ESTABLISHED PEACE AND DEFINED THE BORDER BETWEEN PERU AND ECUADOR. I THINK THIS IS SUFFICIENT TO SHOW THAT WE ARE NOT A COUNTRY WITH AGGRESSIVE INTENTIONS WITH RESPECT TO ECUADOR. WE ARE ADVOCATING A POLICY OF BROAD RAPPROCHEMENT BECAUSE WE BELIEVE THAT THE BORDER AREAS ARE COMPLEMENTARY ZONES, ECONOMICALLY SPEAKING. FOR EXAMPLE, WITH RESPECT TO IRRIGATION, THE PUYANGO AND TUMBES RIVERS SHARE THE SAME BASIN AND CAN IRRIGATE A LARGE NUMBER OF HECTARES ON BOTH SIDES. WE ADVOCATE BORDER INTEGRATION, NOT SEPARATION OR STRUGGLE BUT INTEGRATION FOR MUTUAL BENEFIT. ECUADOR, HOWEVER, DOES NOT RECOGNIZE THE RIO PROTOCOL AND STILL OCCASIONALLY ENGAGES IN INCURSIONS OVER THE BORDER. WE NOT ONLY RESPECT THE RIO PROTOCOL, BUT ALL TREATIES AND INTERNATIONAL CONVENTIONS. WE ARE PREPARED TO COMPLY WITH THE RIO PROTOCOL AND THERE IS ONE VERY IMPORTANT CLAUSE IN IT WHICH ALLOWS ACCESS FOR ECUADOR'S NAVIGATION TO THE AMAZON. WE WILL NOT YIELD OUR TERRITORIAL SOVEREIGNTY BUT IT IS POSSIBLE TO GIVE ECUADOR ACCESS TO THE AMAZON. WE HAVE NO OBJECTIONS TO COMPLYING WITH THAT CLAUSE.

13. PERU HAS NO PLANS FOR OFFENSIVE STRATEGY. OUR STRATEGIC

PLANS ARE ALL DEFENSIVE. WE MUST NOT FORGET THAT OUR STRATEGIC SITUATION IS FAR MORE COMPLICATED THAN THAT OF OTHER COUNTRIES IN LATIN AMERICA. THE PRESS IN GENERAL, IN THE UNITED STATES, IN LATIN AMERICA, AND ELSEWHERE, HAS BEEN EXPLOITING THIS SO-CALLED ARMS BUILD-UP BY PERU. IN THE PRIOR PHASE OF PERU'S POLITICAL LIFE, WE DID PURCHASE MATERIEL FROM THE USSR BUT, FUNDAMENTALLY SPEAKING, THIS PROCUREMENT WAS FORCED ON US BECAUSE WE WERE REFUSED ACCESS TO THE UNITED STATES' ARMS MARKET. THE MEDIA FELT THAT BECAUSE WE HAD BOUGHT MILITARY  
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SUPPLIES AND EQUIPMENT FROM THE SOVIET UNION, IDEOLOGICAL INFILTRATION OF COMMUNIST LEARNING WOULD RESULT. IN THIS CONNECTION, WE ARE ABSOLUTELY ADAMANT. IN OUR PHILOSOPHY OF REVOLUTIONARY HUMANISM, WE ACCEPT PLURALISM -- PERUVIANS CAN THINK WHATEVER THEY PLEASE. THE COMMUNIST PARTY EXISTS. I HAVE HELD DIALOGUES WITH IT ALSO, BUT THERE IS NO DANGER OF OUTSIDE INFILTRATION BECAUSE WE DO NOT ACCEPT TENDENCIES BEING INTRODUCED FROM THE OUTSIDE WHICH ARE NOT ADAPTED TO THE

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PERUVIAN REALITY. WE BELIEVE THAT OBJECTIVITY IS  
LACKING IN ANY ATTEMPT TO ASSIGN EXCLUSIVE RESPONSIBILITY TO PERU



FOR ANY PRESENT OR FUTURE ARMS RACE. OUR MILITARY PROCUREMENT PROGRAM IS TOTALLY TIED TO THE REGIONAL BALANCE CONCEPT OF NATIONAL SECURITY, AND IT IS OUR WISH THAT ANY PROBLEMS WHICH MIGHT EXIST IN THE REGION BE SOLVED THROUGH PEACEFUL DIALOGUE. I THINK IT IS JUST AND RIGHT FOR THE UNITED STATES TO TAKE INTO ACCOUNT THE POWER BALANCE ON THE CONTINENT, AND TO BEAR IN MIND OUR STRATEGIC SITUATION. LET ME MENTION ONCE AGAIN THE INITIATIVES OF PERU. THE FIRST IS THE DECLARATION OF AYACUCHO AND, SECONDLY, THROUGH COLOMBIA, THE REACTIVATION OF THE LIMITATION ON MILITARY EXPENDITURES THROUGH THE AGREEMENTS REACHED IN THE ANDEAN GROUP. THIS SUBJECT IS WELL KNOWN TO THE UNITED STATES GOVERNMENT. ANOTHER INITIATIVE WAS THE ESTABLISHMENT OF A TRIPARTITE COMMISSION COMPRISING CHILE, PERU AND BOLIVIA, ALSO DEALING WITH ARMS LIMITATIONS. ITS FIRST MEETING HAS BEEN HELD AND THE SECOND IS TO BE CONVENED SOON. PERU IS PREPARED TO INTENSIFY ALL ACTIVITIES RELATING TO ARMS LIMITATIONS IN LATIN AMERICA. IN CONNECTION WITH THE PEACEFUL USE OF NUCLEAR ENERGY, WE SIGNED THE TREATY OF TLAQUELOTEPEC. HAVING HEARD WHAT PRESIDENT CARTER'S POLICY IS AND KNOWING WHAT

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PERU WANTS AND THINKS, I SEE HERE A GREAT POSSIBILITY TO HARMONIZE THE INTERNATIONAL ACTIVITIES OF THE TWO COUNTRIES, AVAILING OURSELVES OF SUBSTANTIVE AGREEMENTS EXPRESSED HERE TODAY BY BOTH OF OUR GOVERNMENTS. IN ORDER TO DEVELOP PERU AND THE OTHER COUNTRIES OF LATIN AMERICA, PEACE IS THE KEY. WITHOUT PEACE, OR IF THERE IS A THREAT TO PEACE, GOVERNMENT'S ATTENTION AND RESOURCES WILL BE DIVERTED AND THEY WILL NOT CONCENTRATE ALL THEIR EFFORTS AND MONEY ON DEVELOPMENT (WHICH IS THE MAIN AIM OF PERU).

14. UNDER THE ECONOMIC HEADING, I WOULD LIKE TO MAKE THE FOLLOWING POINTS: THE ECONOMICALLY POWERFUL COUNTRIES AT THE LONDON SUMMIT AND AT THE NORTH-SOUTH MEETING HAVE PROPOSED A THESIS OF STABILIZATION AS THE BASIS FOR SUBSTANTIAL NON-INFLATIONARY GROWTH. BUT SO FAR THERE HAVE BEEN NO CONCRETE SOLUTIONS. THE RESULTS HAVE BEEN MERE RECOMMENDATIONS TO EXCHANGE EXPERIENCES AND IDEAS. WE BELIEVE THAT THE WORLD IS IN A SERIOUS CRISIS AND ONE WHICH IS HURTING THE UNDERDEVELOPED COUNTRIES THE MOST. IF WE DON'T PROCEED TO SOLVE THIS CRISIS, WE WILL HAVE TREMENDOUS PROBLEMS ON A GLOBAL SCALE. FOR US, THE KEY ISSUES ARE STILL THE PRICES OF RAW MATERIALS AND PRIMARY COMMODITIES AND INTERNATIONAL ACTION FOR THE FINANCING OF DEVELOPMENT AND THE INDEBTEDNESS OF THE LESS-DEVELOPED COUNTRIES. FOR EXAMPLE, IN THE CASE OF PERU WE HAVE AN EXTERNAL DEBT OF \$3.5 BILLION, BUT IT IS NOT SO MUCH THE VOLUME OF INDEBTEDNESS AS ITS STRUCTURE. BECAUSE MOST OF THESE LOANS ARE ON NON-CONCESSIONAL TERMS WITH VERY SHORT REPAYMENT PERIODS. WHEN PERU BEGAN ITS STRUCTURAL CHANGES IN 1968, EXTERNAL CREDITS FOR PERU WERE FROZEN. THE INTERNATIONAL LENDING AGENCIES, THE WORLD BANK AND THE INTERAMERICAN DEVELOPMENT BANK GAVE NO

SOFT LOANS TO PERU DURING 1969, 1970, 1971 AND MOST OF 1972. IN ORDER TO PURSUE OUR DEVELOPMENT PLANS, WE HAD TO CONTRACT COMMERCIAL SHORT-TERM LOANS. I LIVED THIS BITTER EXPERIENCE MYSELF AS MINISTER OF ECONOMY AND FINANCE AT THAT TIME. IN THE LONDON AND PARIS MEETINGS I REFERRED TO, WITH THEIR ADVOCACY OF STABILIZATION POLICIES, SPECIFIC SUPPORT WAS GIVEN TO THE IMF

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POLICY WHICH, AS WE KNOW, HAS AN EXCESSIVELY TECHNICAL BIAS. THE IMF DOES NOT MEASURE THE POLITICAL AND SOCIAL CONSEQUENCES IN UNDERDEVELOPED COUNTRIES LIKE PERU IF THE MODELS DEMANDED BY THE IMF WERE ADOPTED. HERE, LET ME SAY WITH ALL SINCERITY, WE HAVE A PARADOX FOR US OURSELVES AND ALSO WITH RESPECT TO THE CARTER ADMINISTRATION CRITERIA WHICH WE SHARE. THE PARADOX IS ON THE ONE HAND IF THE IMF STABILIZATION POLICIES ARE SUPPORTED, IF THE HARD THEORETICAL AND ECONOMIC MODELS ARE PRESSED, THE APPLICATION OF THESE MEASURES IN PERU TO THE PROBLEMS OF DEVELOPMENT WILL AFFECT THE POOR MORE THAN THE RICH AND WILL CREATE SERIOUS SOCIAL AND POLITICAL REPERCUSSIONS. THUS, ACTS WILL FOLLOW WHICH WILL DISTURB PUBLIC LAW AND ORDER AND THE GOVERNMENT IS FORCED TO ACT REPRESSIVELY WHICH RUNS COUNTER TO OUR WISHES WITH RESPECT TO HUMAN RIGHTS. SO YOU SEE, THERE IS A CONTRADICTION BETWEEN IMF STABILIZATION MEASURES AND PRESIDENT CARTER'S HUMAN RIGHTS POLICY. THIS IS A REAL, NOT JUST APPARENT, CONTRADICTION. PERHAPS IN THE MORE DEVELOPED COUNTRIES IN EUROPE, THE TWO KINDS OF MEASURES COULD BE COMBINED BUT HERE IT IS VERY DIFFICULT, THIS IS AN EXTREMELY IMPORTANT POINT.

15. SPEAKING BRIEFLY OF US-PERUVIAN RELATIONS IN GENERAL TERMS, OUR RELATIONS RANGE FROM VERY GOOD TO EXCELLENT IN SOME FIELDS. WE DID HAVE SOME DIFFICULTIES AND PROBLEMS SUCH AS THOSE ARISING FROM PERUVIAN EXPROPRIATIONS BUT THEY HAVE BEEN LARGELY OVERCOME. THE GREEN AGREEMENT WAS A PACKAGE OF SUCCESSFULLY NEGOTIATED PAYMENTS. THE MARCONA CASE WAS NEGOTIATED SUCCESSFULLY. THERE IS ONE SMALL CASE STILL PENDING WITH GULF BUT THAT SMALL PROBLEM IS IN THE PROCESS OF SOLUTION AND WILL BE CLEARED UP VERY SOON. THEREFORE, WITH THE EXCEPTION OF GULF, THERE ARE NO PENDING PROBLEMS WITH US FIRMS OPERATING IN PERU.

16. AS TO OUR FOREIGN POLICY GENERALLY, WE HAVE ESTABLISHED AND MAINTAINED RELATIONS WITH ALL COUNTRIES IN THE WORLD, COUNTRIES OF THE WEST, SOCIALIST AND COMMUNIST ALIKE AND IT IS OUR POLICY TO HAVE

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RELATIONS WITH ALL. WITHIN THAT GENERAL CONCEPT, OUR FOREIGN POLICY GIVES PRIORITY TO OUR RELATIONS WITHIN LATIN AMERICA AND WITHIN THE AMERICAN FRAMEWORK. OUR FOREIGN POLICY DOES NOT FAVOR BLOCK OR AXIS POLITICS. WE LOOK AT LATIN AMERICA AS A WHOLE AND GIVE PRIORITY TO THE AMERICAN CONTENT BUT REMAIN CONNECTED WITH THE REST OF THE WORLD BY FRIENDLY RELATIONS.

17 OUR IMPORTANT BILATERAL CONTACTS WERE GREATLY ENHANCED BY THE PERSONAL CONTACT BETWEEN OUR FOREIGN MINISTER AND SECRETARY VANCE WHO HELD A

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O 071830Z JUN 77  
FM AMEMBASSY BRASILIA  
TO WHITE HOUSE IMMEDIATE  
SECSTATE WASHDC IMMEDIATE 2068  
AMEMBASSY QUITO IMMEDIATE  
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VERY IMPORTANT MEETING IN WASHINGTON. THE SECOND STEP IN THIS DIALOGUE IS NOW BEING HELD WITH PRESIDENT CARTER'S PERSONAL EMISSARY, MRS. CARTER, HERE TODAY. WE BELIEVE IN THE NEED TO CONTINUE THIS DIALOGUE AND WE HAVE INVITED PRESIDENT CARTER TO VISIT PERU AND REITERATE THAT INVITATION NOW. WE UNDERSTAND THE NUMBER OF PROBLEMS FACING THE U.S. AND HOW BUSY THE PRESIDENT IS, BUT THIS INVITATION WE EXTEND, NOT FOR REASONS OF PROTOCOL, BUT BECAUSE OF THE ESTEEM WE FEEL FOR HIS POLICIES AND HIS GUIDANCE OF U.S. AFFAIRS. IN CONCLUSION, LET ME REPEAT THE WORDS WITH WHICH I BEGAN THIS BRIEF PRESENTATION, TO SAY THAT EVERYTHING I HAVE SAID IS TRULY THE POLICY OF THE GOVERNMENT OF PERU TODAY. I HAVE TRIED TO EXPRESS THESE POINTS VERY DIRECTLY AND WITH ABSOLUTE SINCERITY. IF YOU HAVE ANY QUESTIONS OR COMMENTS, I AM AT YOUR COMPLETE DISPOSAL. I WILL GIVE YOU NOW A COPY OF OUR TUPAC AMARU PLAN.

18. MRS. CARTER: THANK YOU VERY MUCH. IT IS SO IMPORTANT FOR US TO WORK TOGETHER CLOSELY AND I FEEL IT IS VERY IMPORTANT TO INSTITUTIONALIZE THESE EFFORTS. IN THE FIELD OF HUMAN RIGHTS, I KNOW THAT THE SUBJECT OF THE INTERAMERICAN HUMAN RIGHTS COMMISSION IS  
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TO COME UP IN GRENADA IN MID-JUNE. WE HOPE THE BUDGET WILL BE INCREASED. IT IS VERY IMPORTANT FOR THE HUMAN RIGHTS COMMISSION TO BE AUTONOMOUS THAT WE DO HOPE YOU WILL SUPPORT THESE EFFORTS. JIMMY SIGNED THE INTERAMERICAN HUMAN RIGHTS CONVENTION LAST WEDNESDAY AND I HAVE BEEN SPEAKING TO DIFFERENT LEADERS TO SEEK THEIR SUPPORT AND TO GET THEM TO SIGN IT TOO. I THINK THAT IT WOULD BE A GREAT EXAMPLE TO THE WORLD AND I HOPE YOU WILL DO SO. ELEVEN SIGNATURES ARE STILL NEEDED, I BELIEVE. PRIME MINISTER MANLEY PROMISED ME HE WOULD BRING THIS SUBJECT UP IN CARICOM AND THE PRESIDENT OF THE SUPREME COUNCIL OF ECUADOR ASSURED ME THAT HE WOULD RATIFY THE DECLARATION (ECUADOR HAS ALREADY SIGNED IT) SO IF YOU WERE TO DO SO, THAT WOULD BE ALMOST ENOUGH, AND WE COULD REALLY SHOW THE WORLD THAT WE ARE SERIOUS ABOUT THIS. (PRESIDENT MORALES NODS HIS AGREEMENT AND SIGNALLED IT TO THE FOREIGN MINISTER.)

19. IN CONNECTION WITH THE ARMS BUILDUP, I KNOW THAT YOU ARE SINCERE. I FULLY UNDERSTAND YOUR POSITION. WE DO BEAR IN MIND THE STRATEGIC SITUATION OF PERU TODAY, BUT YOU ARE AWARE THAT THERE ARE TENSIONS IN THE AREA. PEOPLE BELIEVE THAT YOU HAVE AGGRESSIVE INTENTIONS ALTHOUGH YOU DO NOT. I THINK IT WOULD BE SO IMPORTANT IF YOUR COUNTRY COULD SEND OUT A SIGNAL, A DEMONSTRATION THAT YOUR INTENTIONS ARE DEFENSIVE AND NOT AGGRESSIVE. I DON'T KNOW WHAT YOU COULD DO OR TYPE OF SIGNAL YOU COULD SEND, BUT WE WOULD BE MORE THAN WILLING TO HELP. WE WOULD LIKE TO HEAR ANY IDEAS YOU MIGHT HAVE ON THIS SUBJECT.

20. MORALES BERMUDEZ: IN CONNECTION WITH THESE PROBLEMS THAT YOU RAISE,  
NOT ONLY THE GOVERNMENT BUT THE ARMED FORCES AS WELL ARE IN PERMANENT COMMUNICATION WITH OUR NEIGHBORS. FOR EXAMPLE, IN THE CASE OF CHILE, THE MINISTER OF DEFENSE WAS OUR GUEST IN LIMA AND OUR PRIME MINISTER SPENT SEVERAL DAYS IN SANTIAGO. ALSO, WE HAVE A ACTIVE OFFICERS PROGRAM AND EACH BRANCH OF THE ARMED FORCES CELEBRATES ITS SPECIAL DAY. WHEN THE PERUVIAN ARTILLERY CELEBRATED ITS DAY ON MAY 2, WE HAD AS GUESTS A CHILEAN GENERAL AND A CHILEAN COLONEL WHO CELEBRATED WITH US. A FEW DAYS AGO GENERAL FUENSALIDA  
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WHO IS THE COMMANDER OF THE CHILEAN FORCES INQUIQUE WAS VISITING

AREQUIPA. LATELY JUNIOR OFFICERS -- LIEUTENANTS AND CAPTAINS -- HAVE BEEN SENT TO STUDY IN CHILE. THIS IS A DEMONSTRATION IN ACTS, NOT WORDS, OF OUR DESIRE FOR A RAPPROCHEMENT AND FOR PERSONAL CONTACTS. A FEW DAYS AGO ECUADOREAN OFFICERS VISITED AT INBQIURA. THEY SAW THE WHOLE NEW INSTALLATION WHERE THE OIL IS BROUGHT OUT OF THE JUNGLE. BY THE SAME TOKEN, THE PERUVIAN CAVALRY DIVISION IN THE NORTH MET WITH ITS ECUADOREAN COLLEAGUES ON THE ECUADOREAN SIDE OF THE BORDER. WITHIN THE NEXT DAY OR TWO, THE FOREIGN MINISTER OF BOLIVIA IS COMING TO LIMA ON A VISIT.

21. SO YOU SEE THAT OUR WEAPONS ARE AIMED AT ACHIEVING A STRATEGIC BALANCE AND THAT IS ALL. WE MUST DEFEND OUR TERRITORY BECAUSE HISTORY HAS PLAYED SOME NASTY TRICKS ON US CAUSING US TO LOSE MUCH TERRITORY. WE WILL NOT COMMIT AGGRESSION BUT WE WILL NOT YIELD A SINGLE CENTIMETER OF OUR TERRITORY.

22. MRS. CARTER: VERY GOOD. IT IS SO IMPORTANT FOR COUNTRIES TO UNDER -  
-  
STAND EACH OTHER. IF WE TALK TOGETHER EVERYTHING IS POSSIBLE, BUT THERE ARE NO DOUBT TENSIONS IN THE AREA. WE WOULD LIKE TO HELP, BUT COULD YOU NOT DEMONSTRATE YOUR PEACEFUL INTENTIONS IN MORE THAN JUST MEETINGS?

23. MORALES BERMUDEZ: I SAID BEFORE THAT WE IN PERU ARE A PEACE-LOVING PEOPLE. WE ARE PREPARED TO IMPLEMENT ALL COMMITMENTS UNDERTAKEN. AYACUCHO WAS A PERUVIAN INITIATIVE. OTHERS JOINED IN, BUT IT WAS OUR INITIATIVE. I ALSO MENTION THE TRIPARTISEN COMMISSION WITH CHILE AND BOLIVIA WHICH WE INITIATED. THEY WILL BE MEETING WITHIN THE NEXT FEW DAYS AND THE THREE MILITARY COMMANDS OF THREE COUNTRIES WILL BE MEETING AND DEALING WITH A WORKING AGENDA.

24. DE LA PUENTE: BECAUSE I SEE MRS. CARTER'S SINCERE DESIRE TO UNDERSTAND AND TO CONTINUE THE FRANK LANGUAGE THAT YOU HAVE BEEN USING, I WOULD JUST ADD THAT WE ARE DISTURBED BY THE CONTINUOUS  
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ATTACK OF A VERY HOSTILE PRESS WHICH ATTRIBUTES TO US PURPOSES WHICH EXCITE THE PEOPLE AGAINST US. FROM TIME TO TIME WE, TOO, NEED ASSURANCES FROM OUR NEIGHBORS. THIS IS A TWO-WAY STREET.

25. MORALES BERMUDEZ: LET ME CONFIRM WHAT THE MINISTER HAS SAID. I JUST SENT HIM AN EDITORIAL WHICH WAS PUBLISHED IN THE NEWSPAPER UNIVERSO OF GUAYAQUIL WHICH SAID EXPLICITLY THAT PERU WAS GOING TO WAR AGAINST ECUADOR AND INCITING THE PEOPLE TO WAR. NO SUCH THING HAPPENS IN PERU. THE PERUVIAN PRESS RESPECTS ITS RELATIONS WITH ITS NEIGHBORS. ARTICLES OF THIS KIND ARE OFTEN FOUND IN EL MERCURIO OF SANTIAGO AS WELL. WE WOULD ASK FOR YOUR EFFORTS IN TRANSMITTING THE MESSAGE THAT WE ARE BUILDING PEACE. THERE IS CONFLICT ALL AROUND US AND EVERY CURRENT IS HOSTILE TO US. LET ME ADD THAT SOME

COUNTRIES MAY BE TRYING TO MAINTAIN THIS ATMOSPHERE OF TENSION IN ORDER TO HANDLE THEIR OWN DOMESTIC PROBLEMS. THIS IS A VERY IMPORTANT ASPECT. I WOULD LIKE TO ADD ONE LAST POINT. OVER THE LAST YEAR WE HAVE FELT THAT THERE HAS BEEN A WELL ORCHESTRATED CAMPAIGN BY THE ARMS SUPPLIERS OF EUROPE AND ELSEWHERE. THIS

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FM AMEMBASSY BRASILIA  
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SECSTATE WASHDC IMMEDIATE 2069  
AMEMBASSY QUITO IMMEDIATE  
AMEMBASSY LIMA IMMEDIATE

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C O R R E C T E D C O P Y (TEXT GARBLED THROUGHOUT)

OGES ON IN FRANCE, ENGLAND, AND THE UNITED STATES (WE HAVE HAD TO PROTEST ONE ARTICLE IN AN AMERICAN MAGAZINE ABOUT A PERUVIAN TREATY WITH THE SOVIET UNION). THIS IS AN INTELLIGENT AND VERY WELL COORDINATED EFFORT BY THOSE WHO ALONE STAND TO BENEFIT FROM THE WAGING OF WAR--THE ARMS SUPPLIERS.

26. SECRETARY TODMAN: MR. PRESIDENT, YOU WERE ENGAGED IN DISCUSSIONS WITH ECUADOR UNTIL DECEMBER 1976. HOW ARE THOSE DISCUSSIONS PROCEEDING, AND WHAT ARE THEY LEADING TO?

27 MORALES BERMUDEZ: WE HAD A VERY OPEN AND ON-GOING POLICY TOWARD ECUADOR. LET ME RELATE MY REPLY TO THE TRIP I MADE TO VENEZUELA AND MY MEETING WITH THE PRESIDENT OF COLOMBIA. IT WAS MY POLITICAL INTENTION TO GO ALSO TO QUITO AND TALK WITH THE ECUADOREAN LEADERS, BUT WHAT HAPPENED? THE DOMESTIC FRONT MOVED AGAINST THE INITIATIVE. VELASCO IBARRA WHO IS WELL KNOWN MOVED PUBLIC OPINION RELATING MY VISIT TO THE 1940 WAR BETWEEN ECUADOR AND PERU AND THOS PREVENTING ME FROM FULFILLING MY

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POLITICAL INTENTION TO HOLD HIGH-LEVEL TALKS WITH THE ECUADOREAN GOVERNMENT. PERU HAS MADE GREAT EFFORTS FOR PEACE BUT THOSE EFFORTS HAVE NOT BEEN UNDERSTOOD BY THE WORLD. LATIN AMERICA AND THE UNITED STATES ARE ILL-INFORMED ABOUT THOSE EFFORTS. PERU IS A FACTOR OF PEACE IN THE LATIN AMERICA STRATEGIC BALANCE. MRS. CARTER, I TOLD YOU THAT PRESIDENT CARTER'S POLICIES COINCIDE WITH PERU'S AND THAT PERU IS THE KEY COUNTRY IN THE WHOLE CONCEPT OF PEACE AND HUMAN RIGHTS IN LATIN AMERICA. SO I MADE THE MAXIMUM EFFORT TO GO TO ECUADOR, BUT I WAS TOLD THE ATMOSPHERE WAS NOT PROPITIOUS. WHAT COULD I DO? THE FOREIGN MINISTER IS WORKING EQUALLY HARD.

28. DE LA PEUENTE: WE HAVE SET UP A COMMISSION TO SATISFY THE ASPIRATIONS OF ECUADOR TO MOVE GOODS THROUGH THE AMAZON. ARTICLE 6 OF THE RIO TREATY PROVIDES FOR SUCH TRANSIT OF ECUADOREAN GOODS. WE MET FOR THIS PURPOSE BUT THEY ADOPTED AN IMMATURE ATTITUDE AND RUINED WHAT COULD HAVE BEEN AN EXCELLENT INTERNATIONAL INITIATIVE. THE PRESIDENT AND I HAD AGREED THAT WE WOULD NOT MENTION THE SUBJECT OF THE INTERNATIONAL CAMPAIGN AGAINST US. WE ARE A DIGNIFIED AND INDEPENDENT COUNTRY AND OUR POLICY IS NOT TO ACCUSE OTHERS. BUT SINCE THE SUBJECT HAS COME UP, I AM GLAD WE HAVE HAD AN OPPORTUNITY TO SPEAK OF IT.

29. MRS. CARTER: WHAT ARE YOUR THOUGHTS ABOUT WORKING THROUGH THE OAS? JIMMY WOULD LIKE THE OAS TO PLAY A VERY ACTIVE ROLE. PERHAPS THE RULES MIGHT BE CHANGED IN ORDER TO ALLOW COUNTRIES WITHIN THE OAS TO WORK TOGETHER. FOR EXAMPLE, LAST NIGHT I WAS TALKING WITH GENERAL DURAN IN ECUADOR AND I ASKED HIM HOW WE COULD WORK THROUGH THE OAS TO BRING PEACE TO LATIN AMERICA. HE SUGGESTED THAT COMMITTEES BE SET UP IN THE OAS SO THAT WE CAN ALL WORK TOGETHER ON OUR PROBLEMS. WHEN PEOPLE UNDERSTAND EACH OTHER, THAT IS THE ONLY WAY PROBLEMS CAN BE SOLVED. MAYBE THIS COULD BE DONE THROUGH THE OAS OR ANOTHER EXISTING INSTITUTION. WHAT ARE YOUR VIEWS?

30. MORALES BERMUDEZ: WE HAVE ALREADY SAID THAT WE THINK THAT THE  
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ROLE OF THE OAS IS VERY IMPORTANT WITHIN THE CONTINENT. PERU WILL FIRMLY BACK ANYTHING WHICH IS DIRECT, REALISTIC, AND POSITIVE, AND IS ACCOMPANIED BY PRACTICAL IMPLEMENTATION MACHINERY TO PLACE THE CONTINENT WITHIN A SOLID FRAMEWORK OF PEACE, AND IF SUCH MACHINERY DOESN'T EXIST, WE MUST DEVELOP IT. BUT THE MOST IMPORTANT THING TO REMEMBER IS IF THE PRESIDENT WANTS TO MAKE

EFFORTS IN THIS DIRECTION WE WILL BE AT HIS SIDE. THE FOREIGN MINISTER COULD PROBABLY SAY A FEW WORDS ABOUT THE MACHINERY OF THIS.

31. DE LA PUENTA: WE HAVE BEEN ACTIVE IN THE REORGANIZATION OF THE INTERAMERICAN SYSTEM. WE WERE THE FIRST TO INITIATE THE MOVEMENT OVER THE LAST FEW YEARS. THE OAS HAS BECOME INCREASINGLY OBSOLETE IN THE FACE OF A CHANGING REALITY. WHEN THE OAS BEGAN, IT WAS VERY CONSERVATIVE. IT HAD NO SOCIAL SENSITIVITY, IT WAS COMPLETELY SUBORDINATE TO THE GREAT POWER (THE US IS STILL A GREAT POWER BUT BASED ON A DIFFERENT CONCEPT). SO THE OAS MUST CHANGE AND WE MUST PROCEED STEP BY STEP. IN ANSWER TO YOUR QUESTION AS TO WHETHER ANYTHING EXISTS TODAY, MY ANSWER IS THE ANDEAN GROUP AND ITS EFFORTS TO LIMIT ARMS. THAT DOES NOT MEAN THAT MACHINERY COULD NOT BE ADOPTED WITHIN THE OAS WITH ACTIVE US BACKING TO AMPLIFY ITS RESPONSIBILITIES, BUT AT THE CENTER OF TENSION TODAY IT IS THE ANDEAN GROUP WHICH CAN RESPOND. IF THE PROBLEMS WERE TO GROW, HOWEVER, WE WOULD CERTAINLY BE READY TO PARTICIPATE ACTIVELY IN THE DEVELOPMENT OF BORDER INSTITUTIONS. THE PERUVIAN GOVERNMENT IS CONVINCED THAT COLLECTIVE ECONOMIC SECURITY IS INTIMATELY RELATED TO PEACE. POOR COUNTRIES ARE MUCH MORE LIKELY TO GO TO WAR. MRS. CARTER, THIS IS THE RELATIONSHIP YOU WERE TALKING ABOUT BETWEEN THE ECONOMIC AND SOCIAL RIGHTS. IT IS ECONOMIC SECURITY WHICH CAN GIVE THE BASIS FOR PEACE.

32. MRS. CARTER: I UNDERSTAND PERFECTLY. JIMMY'S GOAL IS TO ELIMINATE THE SCOURGE OF WAR, REDUCE ARMS EXPENDITURES AND TO USE THESE RESOURCES FOR DEVELOPMENT, AND I AM TRYING TO FIND WAYS FOR COUNTRIES TO WORK TOGETHER, PERHAPS WITHIN THE ANDEAN GROUP, AND FOR SUPPLIER AND BUYERS OF ARMS TO WORK TOGETHER TO REDUCE ARMAMENTS AND DIMINISH TENSIONS. I UNDERSTAND THAT THERE IS TENSION  
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HERE IN THIS AREA AND WOULD LIKE TO KNOW IF THERE IS ANY WAY WE CAN HELP YOU HELP OTHER COUNTRIES UNDERSTAND YOUR POSITION WITH A VIEW TO RELIEVING THESE TENSIONS. WE KNOW YOU ARE SINCERE. I WOULD LIKE TO HELP IF YOU HAVE ANY SUGGESTIONS.

33. MORALES BERMUDEZ: I THINK YOUR VISIT WILL BE OF GREAT ASSISTANCE IN IMPARTING KNOWLEDGE AND YOUR UNDERSTANDING OF PERU'S PROBLEMS AND THE WHOLE RANGE OF PROBLEMS OF LATIN AMERICA. I THINK THAT THIS DIALOGUE WHICH YOU WILL CONVEY TO THE PRESIDENT AND TO THE US GOVERNMENT WILL DEVELOP UNDERSTANDING ON THESE MATTERS AND WILL DEMONSTRATE OUR SINCERITY. THESE TALKS WILL DEVELOP THE LINK BETWEEN US SO THAT OUR BILATERAL RELATIONS WILL BE VERY POSITIVE, BUT BEYOND THE BILATERAL ASPECT THIS WILL ALLOW US TO DESIGN A PLAN OF ACTION FOR IMPLEMENTING PRESIDENT CARTER'S POLICIES. PLEASE CONVEY TO PRESIDENT CARTER THE FACT THAT HIS THOUGHTS ARE OUR THOUGHTS. THERE IS ABSOLUTE AGREEMENT BETWEEN US WITH NO ELEMENT OF DISCORD AS REGARDS HIS POLITICAL THINKING AND OURS ON THE WORLD AND ON THE AMERICAS. IF WHAT I SEE IS TRUE, IT SHOULD



BE VERY EASY TO DEVELOP SINCERE AND CONSTRUCTIVE BI-

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LATERAL RELATIONS BETWEEN OUR GOVERNMENT AND PRSIDENT CARTER'S  
ADMINISTRATION. THE MOST IMPORTANT THING, HOWEVER, IS FOR THE UNITED  
STATES DEPARTMENT OF STATE AND THE US GOVERNMENT TO KNOW WHAT  
PERU'S POSITION IS BECAUSE IT HAS NOT BEEN WELL UNDERSTOOD IN THE  
WORLD. IT IS MORE DIFFICULT FOR US, A SMALL COUNTRY, TO DISSEMINATE  
OUR IDEAS AND TO BE UNDERSTOOD THAN IT IS FOR THE UNITED STATESOR OTHER

LARGE DEVELOPED COUNTIES. IF YOU CONVEY THIS MESSAGE, THIS WILL  
BE THE PRINCIPAL CONTRIBUTION YOU CAN MADE TO THE SOLUTION  
OF THIS PROBLEM.

34. MRS. CARTER: I APPRECIATE THAT. I WILL CERTAINLY TRANSMIT THIS  
MESSAGE IN ITS ENTIRETY TO JIMMY. IT IS HIS DESIRE FOR YOU TO KNOW  
HOW INTERESTED WE ARE IN FIRNENDLY RELATIONS WITH YOU AND INCREASING  
UNDERSTANDING WITH EACH OTHER. THERE ARE SEVERAL OTHER POINTS WHICH  
I WOULD LIKE TO TOUCH ON BRIEFLY. UNDER THE MAIN HEADING OF HUMAN  
RIGHTS, THE INTERAMERICAN CONVENTION ON HUMAN RIGHTS AND THE  
COMMISSIONON HUMAN RIGHTS, WE DIDN'T HEAR YOUR COMMENTS AND WE WOULD  
HOPE WE WILL HAVE YOUR SUPPORT.

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35. MORALES BERMUDEZ: YES, OF COURSE, WE WILL SIGN AND RATIFY THE AGREEMENT.

36. MRS. CARTER: ANOTHER THING I WOULD LIKE TO KNOW IS IF YOU SEE ANY POSSIBILITY OF ARMS LIMITATION.

37. MORALES BERMUDEZ: YES, IN PRINCIPLE I DO. I CAN'T THINK OF ANY GOVERNMENT OF ANY UNDERDEVELOPED COUNTRY WHICH WANTS TO DIVERT RESOURCES FROM DEVELOPMENT TO ARMAMENTS. IF ALL LATIN AMERICA COOPERATES, IT CERTAINLY SHOULD BE POSSIBLE BUT IT WILL ALSO BE NECESSARY TO ELIMINATE CERTAIN ASPECTS OF POLICY OF CERTAIN COUNTRIES BECAUSE WE NEED A POLITICAL CONTEXT AND FRAMEWORK OF UNIFORMITY OF POLITICAL THOUGHT; OTHERWISE DIFFICULTIES CAN ARISE. YOU ASKED ABOUT THE OAS. THE MINISTER SAID THAT THE OAS WAS OBSOLETE BECAUSE OF US POLICY BUT NOW US POLICY HAS CHANGED AND IS DIFFERENT TODAY. SO WE CERTAINLY CAN BREATHE LIFE INTO THE OAS AS A FORUM FOR POLITICAL UNDERSTANDING AND A POLITICAL FRAMEWORK FOR DETENTE BUT WE MUST GO STEP BY STEP, STARTING FROM THE ANDEAN REGIONAL FRAMEWORK AND BUILDING UP TO A WHOLE LATIN AMERICAN FRAMEWORK. IN OTHER WORDS, REVITALIZE THE OAS, BUT NOT THE OLD OAS. WE NEED A NEW OAS.

38. MRS. CARTER: THANK YOU. THERE ARE SEVERAL OTHER THINGS I WANTED TO MENTION. WE REMAIN DEEPLY COMMITTED TO HALTING ILLEGAL TRAFFICKING IN NARCOTICS AND WE APPRECIATE YOUR COOPERATION IN THIS FIELD.

39. MORALES BERMUDEZ: THIS IS A CRUCIAL MATTER. WE ARE NOT ONLY VERY WORRIED ABOUT IT BUT ARE WORKING ACTIVELY ON IT. A CABINET LEVEL COMMISSION HAS BEEN FORMED COMPRISING THE MINISTERS OF HEALTH, INTERIOR, AGRICULTURE, AND TRADE, IN ORDER TO DEAL WITH THIS PROBLEM. A NEW DECREE-LAW HAS BEEN DRAFTED WHICH WILL CONSOLIDATE ALL THE DISPARATE LEGAL TEXTS PRESENTLY IN EXISTENCE.

40. DE LA PUENTE: LET ME ADD THAT WHEN I WAS AT THE UN GENERAL  
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ASSEMBLY LAST YEAR AND SPOKE TO MR. MAW ABOUT THE MARCONA CASE, MR. SHLAUDEMAN, THE NEW US AMBASSADOR HERE, AND I DISCUSSED A US-PERUVIAN COOPERATIVE VENTURE AMOUNTING TO \$200 MILLION, IN ORDER TO START A CROP SUBSTITUTION PROGRAM. THIS IS A VERY LARGE INVESTMENT BUT THE HEALTH OF AMERICA IS AT STAKE. PRESIDENT MORALES BERMUDEZ HAS GIVEN ME EXTREMELY CLEAR INSTRUCTIONS TO COOPERATE FULLY IN THIS FIELD.

41. MRS. CARTER: THAT IS VERY INTERSTING. YOU MENTIONED MARCONA AND GULF AND SAID THAT SOLUTIONS WERE BEING REACHED. WILL THEY

BE SOON?

42. DE LA PUENTE: THE ONLY MINOR PROBLEM WHICH EXISTS WITH MARCONA HAS TO DO WITH CPV (PERUVIAN SHIPPING COMPANY) WHICH TRANSPORTED MORE TONNAGE AT \$75 PER TON THAN AGREED.

43. MRS. CARTER: IN CONNECTION WITH THE US PRISONERS, WE UNDERSTAND THAT THERE ARE SOME 15-16 US CITIZENS IN PERUVIAN JAILS. WE JUST WANT TO MENTION THAT WE HOPE THEY WILL BE BROUGHT TO A SPEEDY TRIAL.

44. MORALES BERMUDEZ: THEY ARE ALL DRUG TRAFFICERS AND THE INVESTIGATION PHASE DID TAKE SOME TIME, BUT THEY WILL BE BROUGHT TO TRIAL VERY QUICKLY AND I WILL SEE TO IT THAT THE PROCEDURES ARE EXPEDITED.

45. MRS. CARTER: I AM VERY GRATEFUL FOR ALL OF YOUR SUPPORT ON HUMAN RIGHTS AND FOR WHAT YOU ARE DOING WITH YOUR "TUPAC AMARU" PLAN.

46. MR. PASTOR: I WOULD BRIEFLY LIKE TO TOUCH ON ONE AREA WHICH WE WILL DEAL WITH IN DETAIL TOMORROW WITH THE MINISTER, AND THAT IS THE NORTH-SOUTH DIALOGUE. I SHOULD LIKE TO EXPRESS THE HOPE THAT THE SPIRIT OF COOPERATION WHICH PREVAILED IN OUR TALKS TODAY, WHICH I KNOW WAS VERY SINCERE, WILL EXTEND TO THE NORTH-SOUTH DIALOGUE. AT THE LAST ROUND, THE ADVERSARY QUALITY OF THE PAST  
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WAS ABSENT AND THE PRESIDENT FEELS THAT IN THE FUTURE IT WILL BE TOTALLY ELIMINATED, SO THAT THE NORTH (OR THE DEVELOPED COUNTRIES) CAN WORK TO REFORM THE INTERNATIONAL ECONOMIC SYSTEM AND DO SO IN FULL CONSULTATION WITH THE DEVELOPING COUNTRIES IN ORDER TO TAKE THEIR INTERESTS FULLY INTO ACCOUNT.  
(END OF MEMORANDUM OF CONVERSATION).

47. THE PRESIDENT AND MRS. CARTER THEN BID EACH OTHER GOODBYE AND EXPRESSED MUTUAL SATISFACTION WITH THE RESULTS OF THIS THREEE-AND-ONE HALF HOUR MEETING.  
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